GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:321
ANSWERED ON:18.08.2006
LOAN TO PRIORITY AND NON PRIORITY SECTORS
Patel Shri Jivabhai Ambalal

Will the Minister of FINANCE be pleased to state:

(a) whether due to the policy of extending more loan to non-priority sector, non-performing assets of public sector banks have gone up ;

(b) if so, the details of loan disbursed to priority and non-priority sectors during 2005-06, sector-wise ;

(c) the amount of loan converted into NPA in the priority and non-priority sectors during the above year ;

(d) the difficulties being faced by public sector banks in recovering their NPAs; and

(e) the details of the recoveries of NPAs by these banks during the said period ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (e) A Statement is laid on the Table of the House.

Statement

(a) No, Sir. Gross Non-Performing Assets (NPAs) of the public sector banks (PSBs) have reduced from Rs.47,696 crore as on 31st March, 2005 to Rs. 41,378 crore as on 31st March, 2006. Reserve Bank of India has reported that as a percentage of Gross Advances, Gross NPAs of public sector banks have declined from 5.6% as on 31st March,`2005 to 3.7% as on 31st March, 2006.

(b) and (c) The outstanding advances of public sector banks to Priority and Non-priority sectors and the NPAs associated with such advances as at the end of March 2006, are as under:-

(d) Lack of an effective and accurate land record system in the States, inadequate security available in NPA accounts, time taken in the proceedings i n the Debt Recovery Tribunal (DRT) / Court Cases etc. are some of the reasons for slow recoveries in NPA accounts. However, public sector banks make concerted efforts to recover their NPAs through issue of notices under The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002, One Time Settlements, recovery through Lok Adalats etc.

(e) The public sector banks have effected total cash recoveries of Rs. 10,590 crores from NPA accounts during the year 2005-06.